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SIPDIS

DEPARTMENT FOR EB/IFD/OIA

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TAGS: [EINV](#) [EFIN](#) [ETRD](#) [ELAB](#) [KTDB](#) [PGOV](#) [USTR](#) [OPIC](#) [GJ](#)
SUBJECT: GRENADA 2008 INVESTMENT CLIMATE STATEMENT

REF: 07 STATE 158802

[1](#)1. The Investment Climate Statement is contained in paragraph 2 below.

[1](#)2. (U) Begin text:

The Government of Grenada (GOG) seeks to attract foreign direct investment and encourages investors to enter in and operate enterprises in all fields of lawful economic activity. There is no minimum entry requirement, no restriction on foreign ownership, repatriation of capital, dividends, interest, or other distributions and gains. Foreign and local investors are given equal treatment. The main sources of information and data are Grenada Industrial Development Corporation (GIDC) and Ministry of Foreign Affairs.

A.1. Openness to Foreign Investment: The GOG encourages the establishment and development of new businesses and offers a wide range of incentives to potential investors. All of these incentives and concessions are designed to make investments more profitable. Concessions are available under the Investment Act, Income Tax Act and Common External Tariff (SRO 37/99). The judicial system upholds the sanctity of contracts. There is no economic or industrial strategy that has discriminatory effects on foreign investors. There are no limits on foreign ownership or control. Screening of foreign investors is mandatory. However, because of the lengthy and cumbersome process, investors are required to sign a 'shareholders declaration form' to vouchsafe their bona fides. The process of investing begins while screening is conducted. Screening is done to protect domestic interests, primarily to ensure against fraud and or gross violation of constitutional rights, e.g., beach access, etc. Grenada has a generally liberal investment regime. Investors may not invest in or operate investment enterprises which are prejudicial to national security or detrimental to natural environment, public health or the national culture or which contravene the laws of Grenada. There are no sectors in which foreign investors are not treated the same as a national investor.

A.2. Conversion and Transfer Policies: The Reciprocal Encouragement and Protection of Investment agreement with the USA protects U.S. investors against performance requirements, restrictions on transfers, and arbitrary expropriation, and sets forth procedures for the settlement of disputes. By providing a more open and secure environment for investment, it also promotes private sector development. There have been no recent changes in the agreement. There is no difficulty in obtaining foreign exchange.

A.3. Expropriation and Compensation: The Government shall not compulsorily acquire or take possession of any investment enterprise, or any asset of an investor except: a. for a purpose which is in accordance with the laws of Grenada; b. on a non-discriminatory basis; c. in accordance with the procedures

provided by law; d. there is prompt payment of adequate and effective compensation together with interest from the date of acquisition or taking possession of the investment enterprise or asset to the date of payment at the commercial bank rate on loans to the corporate sector; and e. there is a right of access to the Supreme Court by any person claiming such compensation for the determination of any interest in or right over the Investment enterprise or asset and the amount of compensation. There have been no expropriation actions in recent times. There are no special sectors which may be more at risk of expropriation than another. There are no laws forcing local ownership.

A.4. Dispute settlement: Grenada is a constitutional monarchy within a Parliamentary System based on the British Model. The executive power is vested in the Prime Minister and his Cabinet, who have responsibility for concluding and signing trade treaties and trade-related agreements with foreign countries.

The judicial system is based on English common law.

There are three local levels of judiciary courts, and the Eastern Caribbean Court of Appeal. Magistrates Court deals with minor civil and criminal cases, the High Courts deal with cases falling under the different Act of Parliament.

The Privy Council in London is the final court of appeal.

Grenada is a member of the International Centre for Settlement of Disputes.

In the event of disputes between foreign parties within an investment, or between foreign investors and Grenadian parties, or between Grenadian partners, or between the investors and the

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Government in respect of an enterprise, the disputants shall first seek to settle their differences through consultation or mediation to reach an amicable settlement. In the event that the disputants fail to resolve the matter, they may submit their dispute to arbitration under the Arbitration Act No 2 of 1989; invoke the jurisdiction of the courts of Grenada or the Caribbean Court of Justice; or adopt such other procedures as provided for in the Articles of Association of the Investment enterprise. There is no government interference in the court system.

A.5. Performance Requirements/Incentives: The legislation of Grenada provides a package of benefits and concessions for specific activities. Incentives available include investment allowances, import duty exemptions, repatriation of profits and withholding tax exemptions. Incentives that are trade-related are notified under Article 25 and Article 27 of the Agreement on Subsidies and Countervailing measures. The GOG encourages the establishment and development of new businesses and offers a wide range of incentives to potential investors. All of these incentives and concessions are designed to make investments more profitable. Concessions are available under the Investment Act, Income Tax Act and Common External Tariff (SRO 37/99).

Incentives: Investment allowance - Capital investment is written off against taxable income for a period of ten (10) years ; Carry forward of losses for 10 years; 100% relief from customs duties and taxes on plant, equipment & raw materials; Deductible expenditure incurred for marketing, training, research and development; no restrictions on foreign ownership; no restrictions on foreign currency transactions; no restrictions on the repatriation of profits; capital and dividends; double taxation relief. There is no performance requirement linked to investments. Reciprocal Encouragement and Protection of Investment agreement with the USA protects U.S. investors against performance requirements. An investment enterprise may be wholly owned by either foreign or domestic investors. There is no requirement that a domestic investor shall own any shares in any investment enterprise.

A.6. Right to Private Ownership and Establishment: Investors

may purchase or lease privately owned land and dispose of or transfer their interests in the land under the Alien Land Holding Licence Act, and the Property Transfer Tax Act, No 37 of 1998. Investors may hold State lands by grant or lease from the State.

A.7. Protection of Property Rights: The Government shall protect investments and the property of investors in accordance with the laws of Grenada. Intellectual property rights of investors and investment enterprises, such as, but not limited to, patents, trademarks, brand names, and copyrighted materials in printed, recorded, or electronic format are guaranteed by the Patents Act (Cap 227 of the consolidated laws of Grenada) or the Trademarks Act (Cap 284 of the consolidated laws of Grenada), or the Copyright Act Cap No 32 of 1988 (Cap 67 of the consolidated laws of Grenada). Grenada is a member of the World Intellectual Property Organization (WIPO), the Paris Convention, the Berne Convention and the Patent Cooperation Treaty.

Domestic legislation regarding intellectual property protection has not yet been amended to bring it in line with the TRIP Agreement.

Administration of intellectual property laws in Grenada is under the responsibility of the Ministry of Legal Affairs.

The registration of patents, trade marks and copyright is done at the Registry of the Supreme Court.

Grenada's system for registering patents is governed by the Registration of the United Kingdom Patents Act, Cap. 283, in accordance with the legislation, based on Section 91 of the U.K. Patents and Design Act of 1907, any patent holder in the United Kingdom may apply within three years from the date of issue of the patent to have it registered in Grenada.

Grenada operates a re-registration system based on registration in the United Kingdom.

Under the Registration of the United Kingdom Trade Marks Act, Cap 284, any person being registered proprietor of a trade mark in the United Kingdom may apply at any time during the existence of the registration to have it registered in Grenada.

A.8. Transparency of the Regulatory System: The GOG recognizes that for investors, transparent information on rules and regulations dealing with investment, on how they are formulated and implemented is critical. The GOG therefore promotes investments by consulting with interested parties; simplifying

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and codifying legislation; using plain language drafting; developing registers of existing and proposed regulation; expanding the use of electronic dissemination of regulatory material; and by publishing and reviewing administrative decisions. Tax, labor, environment, health and safety, and other laws and policies do not distort or impede investment. Bureaucratic procedures, including those for licenses and permits are sufficiently streamlined and transparent. There are no informal regulatory processes managed by non-governmental organizations or private sector associations. Enforcement of laws remains inconsistent, with court cases often dragging on for long periods of time due to lack of magistrates.

A.9. Efficient Capital Markets and Portfolio Investment: There are policies to facilitate free flow of financial resources. Foreign personnel of investment enterprises and their families may also repatriate their earnings, after paying of Grenadian personal income tax and all other taxes due. GOG policy is that foreign investors are not permitted to borrow domestically in Grenada from chartered banks in Grenada, or to access low-interest rate loans or government grants.

A.10. Political Violence: Grenada is a politically stable country with little or no political violence. Investors in Grenada can benefit from a stable democratic style of

A.11. Corruption: In March 2007 Parliament passed the country's first anticorruption bill, but there was not yet any record of successful prosecutions under these new laws. According to the World Bank's worldwide governance indicators, government corruption was a problem. New anticorruption laws require all public servants to report their income and assets and set up a commission to enforce the rules. Implementation was delayed by an internal government dispute over setting up the commission, but in November 2007 the government announced that all outstanding issues had been resolved. The commission had been expected to be in place by the end of 2007, but implementation was delayed by technical problems.

A.13. OPIC and other investment insurance programs: Grenada on June 27, 1968, signed a sovereign guarantee agreement with the Overseas Private Investment Corporation (OPIC), which entered into force on the same day. Grenada is a member of the Multilateral Investment Guarantee Agency (MIGA).

A.15. Foreign Trade Zones/Free Ports: There are no Free Zones.

2001	2002	2003	2004	2005	2006				
United States				0.55	4.0	3.5	12.1	1.6	2.3
Europe (including the UK)				1.64		11.9	6.3	24.9	64.4

Caribbean	11.2	6.80	6.6	3.8	13.1	1.6
China (PRC)				0.22		0.15
Other	0.27					
Total	13.7	10.8	22.1	22.4	39.6	68.4

FDI Inflows by Sector 2001-2006 (US \$mil dollars)

Source: Grenada Industrial Development Corporation

SECTOR	2001	2002	2003	2004	2005	2006	
Tourism		8.6	10.8	14.0	22.1	38.2	66.1
Manufacturing	5.0	-	0.1	-	1.2	0.2	
Services		0.1	-	8.0	0.2	0.2	2.1
TOTAL	13.7	10.8	22.1	22.4	39.6	68.4	

End text.

MCISAAC